

MINERAL PRODUCTION TAX WITHHOLDING AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

LONG TITLE**General Description:**

This bill modifies requirements for mineral production tax withholding.

Highlighted Provisions:

This bill:

- ▶ provides penalty provisions that apply if a producer fails to file a form 1099 or fails to file the form 1099 on time;
- ▶ amends the percentage of the mineral production tax a producer withholds to align with the income tax rate;
- ▶ amends the information a producer is required to provide on a withholding return;
- ▶ provides the requirements for a producer to file a form 1099 with the State Tax Commission; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-1-401, as last amended by Laws of Utah 2023, Chapter 471

59-6-102, as last amended by Laws of Utah 2008, Chapter 255

59-6-103, as last amended by Laws of Utah 2017, Chapter 226

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **59-1-401** is amended to read:

59-1-401. Definitions -- Offenses and penalties -- Rulemaking authority -- Statute of limitations -- Commission authority to waive, reduce, or compromise penalty or interest.

- 33 (1) As used in this section:
- 34 (a) "Tax, fee, or charge" means:
- 35 (i) a tax, fee, or charge the commission administers under:
- 36 (A) this title;
- 37 (B) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;
- 38 (C) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act;
- 39 (D) Section 19-6-410.5;
- 40 (E) Section 19-6-714;
- 41 (F) Section 19-6-805;
- 42 (G) Section 34A-2-202;
- 43 (H) Section 40-6-14; or
- 44 (I) Title 69, Chapter 2, Part 4, Prepaid Wireless Telecommunications Service Charges;
- 45 or
- 46 (ii) another amount that by statute is subject to a penalty imposed under this section.
- 47 (b) "Tax, fee, or charge" does not include a tax, fee, or charge imposed under:
- 48 (i) Title 41, Chapter 1a, Motor Vehicle Act, except for Section 41-1a-301;
- 49 (ii) Title 41, Chapter 3, Motor Vehicle Business Regulation Act;
- 50 (iii) Chapter 2, Property Tax Act, except for Section 59-2-1309;
- 51 (iv) Chapter 3, Tax Equivalent Property Act; or
- 52 (v) Chapter 4, Privilege Tax.
- 53 (2) (a) The due date for filing a return is:
- 54 (i) if the person filing the return is not allowed by law an extension of time for filing
- 55 the return, the day on which the return is due as provided by law; or
- 56 (ii) if the person filing the return is allowed by law an extension of time for filing the
- 57 return, the earlier of:
- 58 (A) the date the person files the return; or
- 59 (B) the last day of that extension of time as allowed by law.
- 60 (b) A penalty in the amount described in Subsection (2)(c) is imposed if a person files a
- 61 return after the due date described in Subsection (2)(a).
- 62 (c) For purposes of Subsection (2)(b), the penalty is an amount equal to the greater of:
- 63 (i) \$20; or

(ii) (A) 2% of the unpaid tax, fee, or charge due on the return if the return is filed no later than five days after the due date described in Subsection (2)(a);

(B) 5% of the unpaid tax, fee, or charge due on the return if the return is filed more than five days after the due date but no later than 15 days after the due date described in Subsection (2)(a); or

(C) 10% of the unpaid tax, fee, or charge due on the return if the return is filed more than 15 days after the due date described in Subsection (2)(a).

(d) This Subsection (2) does not apply to:

(i) an amended return; or

(ii) a return with no tax due.

(3) (a) Except as provided in Subsection (15), a person is subject to a penalty for failure to pay a tax, fee, or charge if:

(i) the person files a return on or before the due date for filing a return described in Subsection (2)(a), but fails to pay the tax, fee, or charge due on the return on or before that due date;

(ii) the person:

(A) is subject to a penalty under Subsection (2)(b); and

(B) fails to pay the tax, fee, or charge due on a return within a 90-day period after the due date for filing a return described in Subsection (2)(a);

(iii) (A) the person is subject to a penalty under Subsection (2)(b); and

(B) the commission estimates an amount of tax due for that person in accordance with Subsection 59-1-1406(2);

(iv) the person:

(A) is mailed a notice of deficiency; and

(B) within a 30-day period after the day on which the notice of deficiency described in Subsection (3)(a)(iv)(A) is mailed:

(I) does not file a petition for redetermination or a request for agency action; and

(II) fails to pay the tax, fee, or charge due on a return;

(v) (A) the commission:

(I) issues an order constituting final agency action resulting from a timely filed petition for redetermination or a timely filed request for agency action; or

(II) is considered to have denied a request for reconsideration under Subsection 63G-4-302(3)(b) resulting from a timely filed petition for redetermination or a timely filed request for agency action; and

(B) the person fails to pay the tax, fee, or charge due on a return within a 30-day period after the date the commission:

(I) issues the order constituting final agency action described in Subsection (3)(a)(v)(A)(I); or

(II) is considered to have denied the request for reconsideration described in Subsection (3)(a)(v)(A)(II); or

(vi) the person fails to pay the tax, fee, or charge within a 30-day period after the date of a final judicial decision resulting from a timely filed petition for judicial review.

(b) For purposes of Subsection (3)(a), the penalty is an amount equal to the greater of:

(i) \$20; or

(ii) (A) 2% of the unpaid tax, fee, or charge due on the return if the activated tax, fee, or charge due on the return is paid no later than five days after the due date for filing a return described in Subsection (2)(a);

(B) 5% of the unpaid tax, fee, or charge due on the return if the activated tax, fee, or charge due on the return is paid more than five days after the due date for filing a return described in Subsection (2)(a) but no later than 15 days after that due date; or

(C) 10% of the unpaid tax, fee, or charge due on the return if the activated tax, fee, or charge due on the return is paid more than 15 days after the due date for filing a return described in Subsection (2)(a).

(4) (a) In the case of any underpayment of estimated tax or quarterly installments required by Sections 59-5-107, 59-5-207, 59-7-504, and 59-9-104, there shall be added a penalty in an amount determined by applying the interest rate provided under Section 59-1-402 plus four percentage points to the amount of the underpayment for the period of the underpayment.

(b) (i) For purposes of Subsection (4)(a), the amount of the underpayment shall be the excess of the required installment over the amount, if any, of the installment paid on or before the due date for the installment.

(ii) The period of the underpayment shall run from the due date for the installment to

126 whichever of the following dates is the earlier:

127 (A) the original due date of the tax return, without extensions, for the taxable year; or

128 (B) with respect to any portion of the underpayment, the date on which that portion is
129 paid.

130 (iii) For purposes of this Subsection (4), a payment of estimated tax shall be credited
131 against unpaid required installments in the order in which the installments are required to be
132 paid.

133 (5) (a) Notwithstanding Subsection (2) and except as provided in Subsection (6), a
134 person allowed by law an extension of time for filing a corporate franchise or income tax return
135 under Chapter 7, Corporate Franchise and Income Taxes, or an individual income tax return
136 under Chapter 10, Individual Income Tax Act, is subject to a penalty in the amount described in
137 Subsection (5)(b) if, on or before the day on which the return is due as provided by law, not
138 including the extension of time, the person fails to pay:

139 (i) for a person filing a corporate franchise or income tax return under Chapter 7,
140 Corporate Franchise and Income Taxes, the payment required by Subsection 59-7-507(1)(b); or

141 (ii) for a person filing an individual income tax return under Chapter 10, Individual
142 Income Tax Act, the payment required by Subsection 59-10-516(2).

143 (b) For purposes of Subsection (5)(a), the penalty per month during the period of the
144 extension of time for filing the return is an amount equal to 2% of the tax due on the return,
145 unpaid as of the day on which the return is due as provided by law.

146 (6) If a person does not file a return within an extension of time allowed by Section
147 59-7-505 or 59-10-516, the person:

148 (a) is not subject to a penalty in the amount described in Subsection (5)(b); and

149 (b) is subject to a penalty in an amount equal to the sum of:

150 (i) a late file penalty in an amount equal to the greater of:

151 (A) \$20; or

152 (B) 10% of the tax due on the return, unpaid as of the day on which the return is due as
153 provided by law, not including the extension of time; and

154 (ii) a late pay penalty in an amount equal to the greater of:

155 (A) \$20; or

156 (B) 10% of the unpaid tax due on the return, unpaid as of the day on which the return is

157 due as provided by law, not including the extension of time.

158 (7) (a) Additional penalties for an underpayment of a tax, fee, or charge are as provided
159 in this Subsection (7)(a).

160 (i) Except as provided in Subsection (7)(c), if any portion of an underpayment of a tax,
161 fee, or charge is due to negligence, the penalty is 10% of the portion of the underpayment that
162 is due to negligence.

163 (ii) Except as provided in Subsection (7)(d), if any portion of an underpayment of a
164 tax, fee, or charge is due to intentional disregard of law or rule, the penalty is 15% of the entire
165 underpayment.

166 (iii) If any portion of an underpayment is due to an intent to evade a tax, fee, or charge,
167 the penalty is the greater of \$500 per period or 50% of the entire underpayment.

168 (iv) If any portion of an underpayment is due to fraud with intent to evade a tax, fee, or
169 charge, the penalty is the greater of \$500 per period or 100% of the entire underpayment.

170 (b) If the commission determines that a person is liable for a penalty imposed under
171 Subsection (7)(a)(ii), (iii), or (iv), the commission shall notify the person of the proposed
172 penalty.

173 (i) The notice of proposed penalty shall:

174 (A) set forth the basis of the assessment; and

175 (B) be mailed by certified mail, postage prepaid, to the person's last-known address.

176 (ii) Upon receipt of the notice of proposed penalty, the person against whom the
177 penalty is proposed may:

178 (A) pay the amount of the proposed penalty at the place and time stated in the notice;

179 or

180 (B) proceed in accordance with the review procedures of Subsection (7)(b)(iii).

181 (iii) A person against whom a penalty is proposed in accordance with this Subsection
182 (7) may contest the proposed penalty by filing a petition for an adjudicative proceeding with
183 the commission.

184 (iv) (A) If the commission determines that a person is liable for a penalty under this
185 Subsection (7), the commission shall assess the penalty and give notice and demand for
186 payment.

187 (B) The commission shall mail the notice and demand for payment described in

188 Subsection (7)(b)(iv)(A):

189 (I) to the person's last-known address; and

190 (II) in accordance with Section 59-1-1404.

191 (c) A seller that voluntarily collects a tax under Subsection 59-12-107(2)(d) is not
192 subject to the penalty under Subsection (7)(a)(i) if on or after July 1, 2001:

193 (i) a court of competent jurisdiction issues a final unappealable judgment or order
194 determining that:

195 (A) the seller meets one or more of the criteria described in Subsection 59-12-107(2)(a)
196 or is a seller required to pay or collect and remit sales and use taxes under Subsection
197 59-12-107(2)(b) or (2)(c); and

198 (B) the commission or a county, city, or town may require the seller to collect a tax
199 under Subsections 59-12-103(2)(a) through (e); or

200 (ii) the commission issues a final unappealable administrative order determining that:

201 (A) the seller meets one or more of the criteria described in Subsection 59-12-107(2)(a)
202 or is a seller required to pay or collect and remit sales and use taxes under Subsection
203 59-12-107(2)(b) or (2)(c); and

204 (B) the commission or a county, city, or town may require the seller to collect a tax
205 under Subsections 59-12-103(2)(a) through (e).

206 (d) A seller that voluntarily collects a tax under Subsection 59-12-107(2)(d) is not
207 subject to the penalty under Subsection (7)(a)(ii) if:

208 (i) (A) a court of competent jurisdiction issues a final unappealable judgment or order
209 determining that:

210 (I) the seller meets one or more of the criteria described in Subsection 59-12-107(2)(a)
211 or is a seller required to pay or collect and remit sales and use taxes under Subsection
212 59-12-107(2)(b) or (2)(c); and

213 (II) the commission or a county, city, or town may require the seller to collect a tax
214 under Subsections 59-12-103(2)(a) through (e); or

215 (B) the commission issues a final unappealable administrative order determining that:

216 (I) the seller meets one or more of the criteria described in Subsection 59-12-107(2)(a)
217 or is a seller required to pay or collect and remit sales and use taxes under Subsection
218 59-12-107(2)(b) or (2)(c); and

(II) the commission or a county, city, or town may require the seller to collect a tax under Subsections 59-12-103(2)(a) through (e); and

(ii) the seller's intentional disregard of law or rule is warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law.

(8) (a) Subject to Subsections (8)(b) and (c), the penalty for failure to file an information return, information report, or a complete supporting schedule is \$50 for each information return, information report, or supporting schedule up to a maximum of \$1,000.

(b) If an employer is subject to a penalty under Subsection (13), the employer may not be subject to a penalty under Subsection (8)(a).

(c) If an employer is subject to a penalty under this Subsection (8) for failure to file a return in accordance with Subsection 59-10-406(3) on or before the due date described in Subsection 59-10-406(3)(b)(ii), the commission may not impose a penalty under this Subsection (8) unless the return is filed more than 14 days after the due date described in Subsection 59-10-406(3)(b)(ii).

(9) If a person, in furtherance of a frivolous position, has a prima facie intent to delay or impede administration of a law relating to a tax, fee, or charge and files a purported return that fails to contain information from which the correctness of reported tax, fee, or charge liability can be determined or that clearly indicates that the tax, fee, or charge liability shown is substantially incorrect, the penalty is \$500.

(10) (a) A seller that fails to remit a tax, fee, or charge monthly as required by Subsection 59-12-108(1)(a):

(i) is subject to a penalty described in Subsection (2); and

(ii) may not retain the percentage of sales and use taxes that would otherwise be allowable under Subsection 59-12-108(2).

(b) A seller that fails to remit a tax, fee, or charge by electronic funds transfer as required by Subsection 59-12-108(1)(a)(ii)(B):

(i) is subject to a penalty described in Subsection (2); and

(ii) may not retain the percentage of sales and use taxes that would otherwise be allowable under Subsection 59-12-108(2).

(11) (a) A person is subject to the penalty provided in Subsection (11)(c) if that person:

(i) commits an act described in Subsection (11)(b) with respect to one or more of the following documents:

(A) a return;

(B) an affidavit;

(C) a claim; or

(D) a document similar to Subsections (11)(a)(i)(A) through (C);

(ii) knows or has reason to believe that the document described in Subsection (11)(a)(i) will be used in connection with any material matter administered by the commission; and

(iii) knows that the document described in Subsection (11)(a)(i), if used in connection with any material matter administered by the commission, would result in an understatement of another person's liability for a tax, fee, or charge.

(b) The following acts apply to Subsection (11)(a)(i):

(i) preparing any portion of a document described in Subsection (11)(a)(i);

(ii) presenting any portion of a document described in Subsection (11)(a)(i);

(iii) procuring any portion of a document described in Subsection (11)(a)(i);

(iv) advising in the preparation or presentation of any portion of a document described in Subsection (11)(a)(i);

(v) aiding in the preparation or presentation of any portion of a document described in Subsection (11)(a)(i);

(vi) assisting in the preparation or presentation of any portion of a document described in Subsection (11)(a)(i); or

(vii) counseling in the preparation or presentation of any portion of a document described in Subsection (11)(a)(i).

(c) For purposes of Subsection (11)(a), the penalty:

(i) shall be imposed by the commission;

(ii) is \$500 for each document described in Subsection (11)(a)(i) with respect to which the person described in Subsection (11)(a) meets the requirements of Subsection (11)(a); and

(iii) is in addition to any other penalty provided by law.

(d) The commission may seek a court order to enjoin a person from engaging in conduct that is subject to a penalty under this Subsection (11).

(e) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

commission may make rules prescribing the documents that are similar to Subsections (11)(a)(i)(A) through (C).

(12) (a) As provided in Section 76-8-1101, criminal offenses and penalties are as provided in Subsections (12)(b) through (e).

(b) (i) A person who is required by this title or any laws the commission administers or regulates to register with or obtain a license or permit from the commission, who operates without having registered or secured a license or permit, or who operates when the registration, license, or permit is expired or not current, is guilty of a class B misdemeanor.

(ii) Notwithstanding Section 76-3-301, for purposes of Subsection (12)(b)(i), the penalty may not:

(A) be less than \$500; or

(B) exceed \$1,000.

(c) (i) With respect to a tax, fee, or charge, a person who knowingly and intentionally, and without a reasonable good faith basis, fails to make, render, sign, or verify a return within the time required by law or to supply information within the time required by law, or who makes, renders, signs, or verifies a false or fraudulent return or statement, or who supplies false or fraudulent information, is guilty of a third degree felony.

(ii) Notwithstanding Section 76-3-301, for purposes of Subsection (12)(c)(i), the penalty may not:

(A) be less than \$1,000; or

(B) exceed \$5,000.

(d) (i) A person who intentionally or willfully attempts to evade or defeat a tax, fee, or charge or the payment of a tax, fee, or charge is, in addition to other penalties provided by law, guilty of a second degree felony.

(ii) Notwithstanding Section 76-3-301, for purposes of Subsection (12)(d)(i), the penalty may not:

(A) be less than \$1,500; or

(B) exceed \$25,000.

(e) (i) A person is guilty of a second degree felony if that person commits an act:

(A) described in Subsection (12)(e)(ii) with respect to one or more of the following documents:

312 (I) a return;

313 (II) an affidavit;

314 (III) a claim; or

315 (IV) a document similar to Subsections (12)(e)(i)(A)(I) through (III); and

316 (B) subject to Subsection (12)(e)(iii), with knowledge that the document described in

317 Subsection (12)(e)(i)(A):

318 (I) is false or fraudulent as to any material matter; and

319 (II) could be used in connection with any material matter administered by the

320 commission.

321 (ii) The following acts apply to Subsection (12)(e)(i):

322 (A) preparing any portion of a document described in Subsection (12)(e)(i)(A);

323 (B) presenting any portion of a document described in Subsection (12)(e)(i)(A);

324 (C) procuring any portion of a document described in Subsection (12)(e)(i)(A);

325 (D) advising in the preparation or presentation of any portion of a document described

326 in Subsection (12)(e)(i)(A);

327 (E) aiding in the preparation or presentation of any portion of a document described in

328 Subsection (12)(e)(i)(A);

329 (F) assisting in the preparation or presentation of any portion of a document described

330 in Subsection (12)(e)(i)(A); or

331 (G) counseling in the preparation or presentation of any portion of a document

332 described in Subsection (12)(e)(i)(A).

333 (iii) This Subsection (12)(e) applies:

334 (A) regardless of whether the person for which the document described in Subsection

335 (12)(e)(i)(A) is prepared or presented:

336 (I) knew of the falsity of the document described in Subsection (12)(e)(i)(A); or

337 (II) consented to the falsity of the document described in Subsection (12)(e)(i)(A); and

338 (B) in addition to any other penalty provided by law.

339 (iv) Notwithstanding Section 76-3-301, for purposes of this Subsection (12)(e), the

340 penalty may not:

341 (A) be less than \$1,500; or

342 (B) exceed \$25,000.

(v) The commission may seek a court order to enjoin a person from engaging in conduct that is subject to a penalty under this Subsection (12)(e).

(vi) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules prescribing the documents that are similar to Subsections (12)(e)(i)(A)(I) through (III).

(f) The statute of limitations for prosecution for a violation of this Subsection (12) is the later of six years:

(i) from the date the tax should have been remitted; or

(ii) after the day on which the person commits the criminal offense.

(13) (a) ~~[Subject to Subsection (13)(b), an]~~ An employer that is required to file a form with the commission in accordance with Subsection 59-10-406(8) or (9) is subject to a penalty described in Subsection (13)(b) if the employer:

(i) fails to file the form with the commission in an electronic format approved by the commission as required by Subsection 59-10-406(8) or (9);

(ii) fails to file the form on or before the due date provided in Subsection 59-10-406(8) or (9);

(iii) fails to provide accurate information on the form; or

(iv) fails to provide all of the information required by the Internal Revenue Service to be contained on the form.

(b) For purposes of Subsection (13)(a), the penalty is:

(i) \$30 per form, not to exceed \$75,000 in a calendar year, if the employer files the form in accordance with Subsection 59-10-406(8) or (9), more than 14 days ~~[after the due date provided in Subsection 59-10-406(8) or (9)]~~, but no later than 30 days, after the due date provided in Subsection 59-10-406(8) or (9);

(ii) \$60 per form, not to exceed \$200,000 in a calendar year, if the employer files the form in accordance with Subsection 59-10-406(8) or (9), more than 30 days after the due date provided in Subsection 59-10-406(8) or (9) but on or before June 1; or

(iii) \$100 per form, not to exceed \$500,000 in a calendar year, if the employer:

(A) files the form in accordance with Subsection 59-10-406(8) or (9) after June 1; or

(B) fails to file the form.

(c) A producer that is required to file a form with the commission in accordance with

Subsection 59-6-103(3) is subject to a penalty described in Subsection (13)(d) if the producer:

(i) fails to file the form with the commission in the format approved by the commission as required by Subsection 59-6-103(3);

(ii) fails to file the form on or before the due date provided in Subsection 59-6-103(3);

(iii) fails to provide accurate information on the form; or

(iv) fails to provide all of the information required by the Internal Revenue Service to be contained on the form.

(d) For purposes of Subsection (13)(c), the penalty is:

(i) \$30 per form, not to exceed \$75,000 in a calendar year, if the producer files the form in accordance with Subsection 59-6-103(3), more than 14 days, but no later than 30 days, after the due date provided in Subsection 59-6-103(3);

(ii) \$60 per form, not to exceed \$200,000 in a calendar year, if the producer files the form in accordance with Subsection 59-6-103(3), more than 30 days after the due date provided in Subsection 59-6-103(3) but on or before June 1; or

(iii) \$100 per form, not to exceed \$500,000 in a calendar year, if the producer:

(A) files the form in accordance with Subsection 59-6-103(3) after June 1; or

(B) fails to file the form.

(14) Upon making a record of the commission's actions, and upon reasonable cause shown, the commission may waive, reduce, or compromise any of the penalties or interest imposed under this part.

(15) Failure to pay a tax described in Subsection 59-10-1403.2(2) shall be subject to a penalty as described in Subsection (3) except that the penalty shall be:

(a) assessed only if the pass-through entity reports tax paid on a Utah Schedule K-1 but does not pay some or all of the tax reported; and

(b) calculated based on the difference between the amount of tax reported and the amount of tax paid.

Section 2. Section **59-6-102** is amended to read:

59-6-102. Producer's obligation to deduct and withhold payments -- Amount -- Exempt payments -- Credit against tax.

(1) Except as provided in Subsection (2), each producer shall deduct and withhold from each payment being made to any person in respect to production of minerals in this state,

but not including that to which the producer is entitled, an amount equal to ~~[5% of]~~ the product
of:

(a) the amount ~~[which]~~ that would have otherwise been payable to the person entitled
to the payment; and

(b) the percentage listed in Subsection 59-10-104(2)(b).

(2) The obligation to deduct and withhold from payments as provided in Subsection (1)
does not apply to those payments ~~[which]~~ that are payable to:

(a) the United States, this state, or an agency or political subdivision of the United
States or this state;

(b) an organization that is exempt from the taxes imposed by Chapter 7, Corporate
Franchise and Income Taxes, in accordance with Subsection 59-7-102(1)(a);

(c) an Indian or Indian tribe if the amounts accruing are subject to the supervision of
the United States or an agency of the United States; or

(d) a business entity that files an exemption certificate in accordance with Section
59-6-102.1.

(3) A claimant, estate, or trust that files a tax return with the commission may claim a
refundable tax credit against the tax reflected on the tax return for the amount withheld by the
producer under Subsection (1).

Section 3. Section **59-6-103** is amended to read:

59-6-103. Returns and payments required of producers.

(1) (a) Subject to Subsection (1)(b), a producer required to deduct and withhold an
amount under this chapter shall file a withholding return with the commission:

(i) for the amounts required to be deducted and withheld under this chapter during the
preceding calendar quarter; ~~[and]~~

(ii) in an electronic format ~~[prescribed]~~ approved by the commission~~[-]; and~~

(iii) that contains any information the commission requires.

(b) A withholding return described in Subsection (1)(a) is due on or before the last day
of April, July, October, and January.

(c) (i) Each producer shall file an annual return containing the information that the
commission requires.

(ii) The producer shall file the annual return:

436 (A) in an electronic format approved by the commission; and

437 (B) on or before January 31 of the year following that for which the return is made.

438 ~~[(c) A withholding return described in Subsection (1)(a) shall contain:]~~

439 ~~[(i) the name and address of each person receiving a payment subject to the deduction~~
440 ~~and withholding requirements of this chapter for the calendar quarter for which the withholding~~
441 ~~return is filed;]~~

442 ~~[(ii) for each person described in Subsection (1)(c)(i), the amount of payment the~~
443 ~~person would have received from the production of minerals by the producer had the deduction~~
444 ~~and withholding required by this chapter not been made for the calendar quarter for which the~~
445 ~~withholding return is filed;]~~

446 ~~[(iii) for each person described in Subsection (1)(c)(i), the amount of deduction and~~
447 ~~withholding under this chapter for the calendar quarter for which the withholding return is~~
448 ~~filed;]~~

449 ~~[(iv) the name or description of the property from which the production of minerals~~
450 ~~occurs that results in a payment subject to deduction and withholding under this chapter; and]~~

451 ~~[(v) for each person described in Subsection (1)(c)(i), the interest of the person in the~~
452 ~~production of minerals that results in a payment subject to deduction and withholding under~~
453 ~~this chapter.]]~~

454 (2) (a) If a producer receives an exemption certificate filed in accordance with Section
455 59-6-102.1 from a business entity, the producer shall file a withholding return with the
456 commission:

457 (i) ~~[on a form prescribed]~~ in a format approved by the commission; and

458 (ii) on or before the January 31 following the last day of the taxable year for which the
459 producer receives the exemption certificate from the business entity.

460 (b) The withholding return required by Subsection (2)(a) shall contain:

461 (i) the name and address of the business entity that files the exemption certificate in
462 accordance with Section 59-6-102.1;

463 (ii) the amount of the payment made by the producer to the business entity that would
464 have been subject to deduction and withholding under this chapter had the business entity not
465 filed the exemption certificate in accordance with Section 59-6-102.1;

466 (iii) the name or description of the property from which the production of minerals

occurs that would have resulted in a payment subject to deduction and withholding under this chapter had the business entity not filed the exemption certificate in accordance with Section 59-6-102.1; and

(iv) the interest of the business entity in the production of minerals that would have resulted in a payment subject to deduction and withholding under this chapter had the business entity not filed the exemption certificate in accordance with Section 59-6-102.1.

(3) (a) Subject to Subsections (3)(b) and (c), the commission shall require a producer that issues the following forms for a taxable year to file the forms with the commission in an electronic format approved by the commission:

(i) a federal Form 1099 filed for purposes of withholding under Section 59-6-103; or

(ii) a federal form substantially similar to a form described in Subsection (3)(a)(i) if designated by the commission in accordance with Subsection (3)(d).

(b) A producer that is required to file a form with the commission in accordance with Subsection (3)(a) shall file the form on or before January 31.

(c) A producer that is required to file a form with the commission in accordance with Subsection (3)(a) shall provide:

(i) accurate information on the form; and

(ii) all of the information required by the Internal Revenue Service to be contained on the form.

(d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for purposes of Subsection (3)(a), the commission may designate a federal form as being substantially similar to a form described in Subsection (3)(a)(i) if:

(i) for purposes of federal individual income taxes, a different federal form contains substantially similar information to a form described in Subsection (3)(a)(i); or

(ii) the Internal Revenue Service replaces a form described in Subsection (3)(a)(i) with a different federal form.

Section 4. **Effective date.**

(1) Except as provided in Subsection (2), this bill takes effect on January 1, 2025.

(2) Section 59-6-102 takes effect for a taxable year beginning on or after January 1, 2025.